

# PROFESSIONAL SERVICES

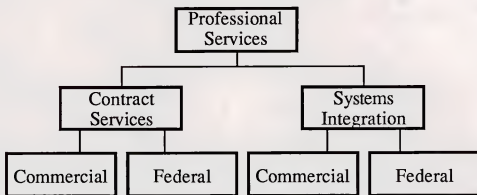
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ADAP-1



## Professional Services Market Structure



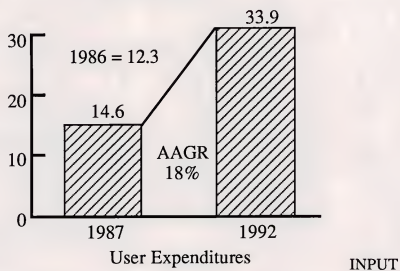
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## Professional Services Market (\$ Billions)

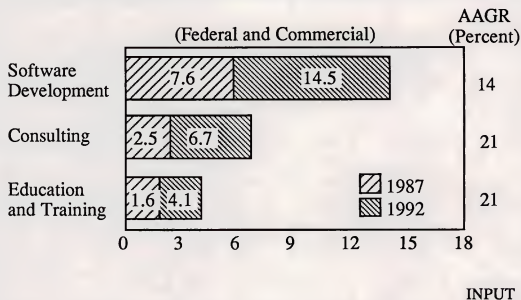


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## Professional Services Market by Mode



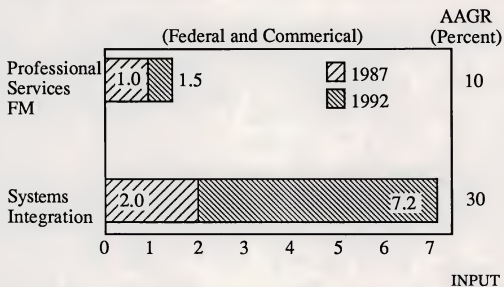
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## Professional Services Market by Mode



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## Professional Services Largest Vendors - 1986

|                   | Revenue<br>(\$ Millions) |
|-------------------|--------------------------|
| IBM               | 1,495                    |
| CSC               | 614                      |
| Arthur Andersen   | 400                      |
| BDM Intl          | 322                      |
| Planning Research | 255                      |

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## Professional Services Largest Vendors - 1986

|         | Revenue<br>(\$ Millions) |
|---------|--------------------------|
| UNISYS  | 241                      |
| EDS     | 241                      |
| BBN     | 170                      |
| Logicon | 170                      |
| TRW     | 165                      |

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# Systems Integration

"The Provision of a Total Solution  
to a Multidisciplinary Information  
Systems Requirement"

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ADAP-8





## Systems Integration Global Characteristics

- Total Information Systems Solution of Design to Implementation
- Single-Source Control with Significant Program Management Responsibility

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ADAP-9a



## Systems Integration Global Characteristics

- Single-Source Accountability
- Application of Complex and Multi-disciplinary Tasks

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ADAP-9b



## Systems Integration Vendor Characteristics

- Large, Fiscally Responsible  
(Smaller can Play too)
- Technologically Advanced
- Innovative
- Network-Based
- Operational Capability

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## Vendor Structuring Strategies

- Establish Influential Relationships with Top Management
- Engender a "Full Service" Image
- Develop and Promote Proprietary Technology

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## Vendor Structuring Strategies

- Develop Project Management Capabilities, Techniques
- Implement Mechanisms to Leverage all Resources
- Identify Required Skill Sets, Staff Organization

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ADAP-11a



## Systems Integration Customer Requirements

- Single-Source Solution/Multiple-Invoices OK/Accountability
- Rapid and Cost-Effective Implementation

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ADAP-12a



## Systems Integration Customer Requirements

- Applicable Range of Technical Skills
- Reputation—Credibility—Experience

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ADAP-12b



## CSI Vendor Selection Criteria

| FACTOR                                   | WEIGHT<br>(Percent) |
|--|---------------------|
| Technical Credibility<br>of the Solution | 40                  |
| Risk Avoidance                           |                     |
| - Experience/Capabilities                | 30                  |
| - Project Management Approach            | 10                  |
| Cost                                     | 20                  |
| Service Orientation                      | Not Scored          |

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## Forces in Selecting a CSI Approach

- Expertise Is Limited or Experiences Negative
- Single-Source Solution Is Preferred
- Vendor "Partners" are Desired
- Solution Is Not Pre-Conceived
- Consultant Recommends It

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## Systems Integration Characteristics (Future)

- Leading Edge Process Knowledge/Innovation
- Network Integration
- International Scope

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## Systems Integration Characteristics (Future)

- Financing
- Performance Guarantees
- Industry Knowledge/Track Record

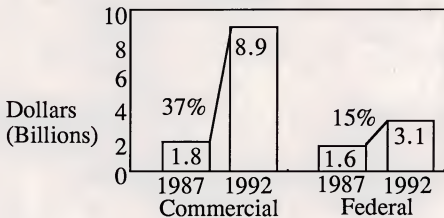
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### Systems Integration Expenditures Forecast



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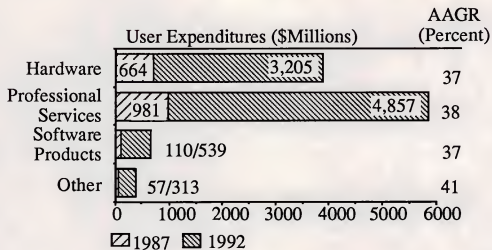
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## Commercial Systems Integration Markets



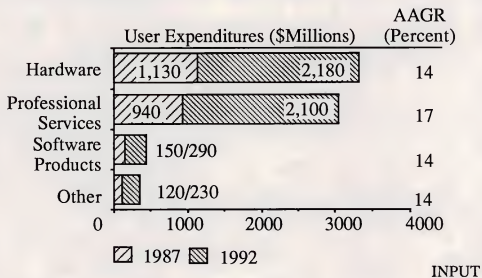
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## Federal Systems Integration Markets



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### Commercial SI Market Share, 1987

| Vendor               | Market Share |         |
|----------------------|--------------|---------|
|                      | Revenue(\$M) | Percent |
| IBM                  | 375          | 21      |
| AA + Co.             | 225          | 13      |
| EDS                  | 130          | 7       |
| Control Data         | 108          | 6       |
| Total Leading Vendor | 838          | 47      |

Total Mkt = \$ 1,800 Million

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## SI Total Market Share, 1987

| Vendor                | Market Share |         |
|-----------------------|--------------|---------|
|                       | Revenue(\$M) | Percent |
| IBM                   | 515          | 15      |
| EDS                   | 450          | 13      |
| AA + Co               | 265          | 8       |
| CSC                   | 195          | 6       |
| CDC                   | 133          | 4       |
| Unisys.               | 95           | 3       |
| Total Leading Vendors | 1,653        | 49      |

Total Mkt = \$3,400 Million

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## Federal SI Market Share, 1987

| Vendor                | Market Share |         |
|-----------------------|--------------|---------|
|                       | Revenue(\$M) | Percent |
| EDS                   | 320          | 20      |
| CSC                   | 185          | 12      |
| IBM                   | 140          | 9       |
| MMDS                  | 80           | 5       |
| BCS                   | 60           | 4       |
| Total Leading Vendors | 785          | 50      |

Total Mkt = \$1,600 Million

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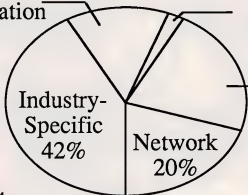


## Commercial SI Applications

Finance/  
Administration  
14%

Office  
Systems  
2%

Operations  
22%



N = 64

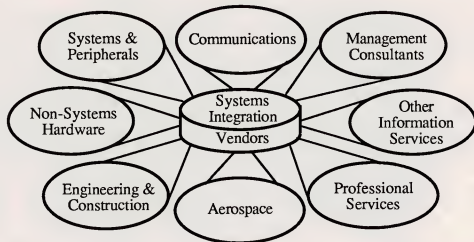
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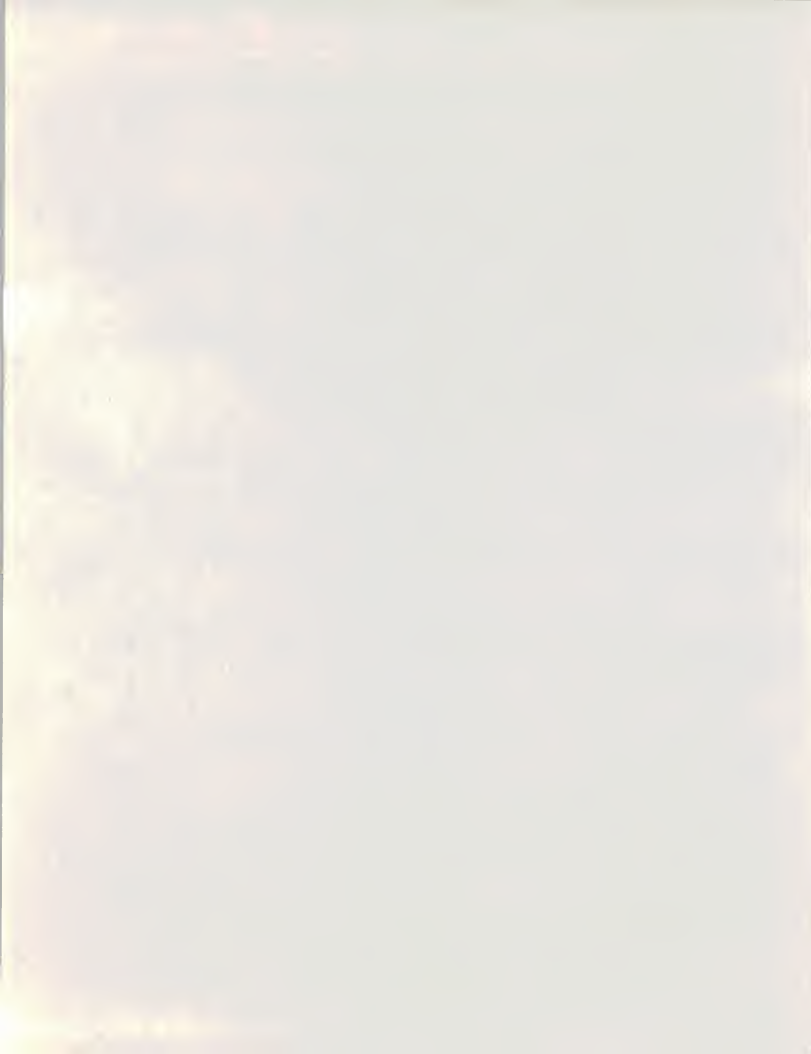
## Alliances and Competitive Overlap



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## Conclusions

- Overall 'Out Sourcing' will Expand
- Movement to 'Responsibility' will Continue
- Systems Integration will be a Volatile Battleground Among Vendors

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